

The Financial Crisis as a Crisis of Imagination

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1. Financialization and the Crisis of Imagination

Finance is a means by which capital develops an imagination of the future.² As a volatile churning mass of speculative investments, finance aggregates and interlaces millions upon millions of individual acts of prescience into something almost akin to a collective intelligence. But this form of “systemic cognition” is chaotic, contradictory and volatile and while finance plays a key role in coordinating the global economy (disciplining global actors from transnational corporations to nation states, from international financial institutions to private banks) it can hardly be characterized as rational or sane because it is driven only by the value of accumulation. For this reason I characterize finance as capital’s imagination and ask us to think of financial crises as crises of both capital’s imagination and of the social imagination more broadly.

While financial speculation predates the rise of capitalism to global prominence, and while capitalism has always relied on a crisis-prone financial sector, today’s “financialization” is qualitatively different because it reaches deeper into social life than ever before. From sub-prime to micro-credit, from online banking to IMF loans, from mortgages to student loans, the integration of finance into everyday life is unprecedented. As Randy Martin argues, this “financialization” of daily life fundamentally reorients our sense of possibility and futurity and works in tandem with neoliberal restructuring to instigate new forms of social relations and subjectivity based around individualized speculation and risk-management in an uncaring world. Financialization, I argue, both relies upon and contributes to a colonization of the imagination (individual and collective

¹ I would like to thank Randy Martin, A. L. McCready, Joseph Ramsey, and Imre Szeman for their help with the ideas in this article, the attendees of the 2010 Historical Materialism (Toronto) and Marxist Literary Group (Antigonish) meetings for their challenging feedback, and colleagues Phaniel Antwi, Mary Ellen Campbell and Alex Khasnabish for their enlightening company.

² See also Haiven, Max. “Finance as Capital’s Imagination?: Reimagining Value and Culture in an Age of Fictitious Capital and Crisis.” *Social Text* 108 (2011), 93-124.

senses of possibility) in order to accelerate and empower financialized capitalism. The failure of the Left to adequately respond to the crisis is symptomatic of this crisis of the imagination.

2. The Real Power of Imaginary Money

The present crisis of financial value, of what Marx instructively called “fictitious capital” demands cultural critics revisit a notion of imagination. Needless to say, the Marxian reception of this concept has been less than warm. Marx’s materialist method was formulated against the Romantic thought of his contemporaries that placed a humanist notion of imagination at the heart of bourgeois subjectivity and, at their worst, rendered the material world merely a dull echo of the triumphant individualist imagination.³ While later Marxian thinkers, notably those associated with (and on the margins of) the Frankfurt school, were to take up a concept of imagination in critical ways, they did so with extreme caution and tended to keep the concept distinct from more concrete economic analyses of capital. For critics like Adorno, Marcuse and Bloch, the imagination might have been the target of the capitalist culture and the instrumentalization of thought, but this was, in the end, an effect (though maybe a necessary effect) of the economic system that rested on a decidedly non-imagined basis.⁴

But this distinction between imagination and materialism is, I think, a false one. Cornelius Castoriadis, for one, has cogently argued that material processes and institutions are solidifications or patterns of the social imagination that are given real-world power and reproduced by people’s actions.⁵ But even Castoriadis was reticent about fully incorporating such a theory of imagination into a Marxian economic frame. There is a need to re-imagine a Marxist theory of value with a notion of imagination encapsulated within it, one that provides a more materialist basis for understanding the

³ Pyle, Forest. *The ideology of imagination: subject and society in the discourse of Romanticism*. Stanford, CA: Stanford University Press, 1995.

⁴ Adorno, Theodor W., Walter Benjamin, Ernst Bloch, Bertolt Brecht, and Georg Lukacs. *Aesthetics and politics: the key texts of the classic debate within German Marxism*. London and New York: Verso, 1977. Raulot, Gerard. “Marcuse’s negative dialectics of imagination.” In *Herbert Marcuse: a critical reader*, edited by John Abromeit and W Mark Cobb, 114-128. London and New York: Routledge, 2004.

⁵ Castoriadis, Cornelius. “Radical Imagination and the Social Instituting Imaginary.” In *The Castoriadis Reader*, edited by David Ames Curtis. Cambridge and New York: Blackwell, 1997.

imagination and its pivotal importance to social and political organization. I will suggest that we take seriously the imagination in dialectical relationship to the struggle over value under capitalism. I suggest this not only because we are witnessing a shocking paucity of radical imagination in the North America political climate today, but also because we live in a moment where the global economy and the fates of billions of people around the world and of future generations are being determined by the vicissitudes of largely imaginary wealth: derivatives, hedge funds, credit default swaps and all manner of financial hyperbole that, even amidst their spectacular collapse, have a profound impact on the global economy and people's lives.⁶

Unfortunately, in the face of our current financial crisis there seem to be two predominant political responses. On the one hand, there is a tendency to see financial wealth as merely an intentional illusion (true of both Tea-Partiers and some of the Left) and to thus recriminate finance as the scene of capital's *excess*. This approach lends itself either to an anti-government politics of libertarianism (blaming state agencies and subsidies for corporate profligacy or market distortions) or a politics calling for the regulation of financial flows, things like the Tobin Tax or some sort of hackneyed return to an anachronistic Keynesianism-that-never-was. While these approaches have rightly pointed to the recent pantomime of speculation → crisis → bailouts → austerity as a massive transfer of wealth from the poor and middle-class to the super-rich, they have tended to forget that capitalism created lethal and ecologically omnicidal conditions around the world even when finance was still merely an idiosyncratic province of accumulation.⁷ They also forget that financial markets have always been a part of capitalist accumulation and have always been characterized by excess, volatility, crass greed, and the fetishization of "fictitious value," and that the state has always been an essential ingredient in this toxic mix.⁸ On the other hand, some analyses (ranging from neoliberal to social democratic) have seemed to suggest that finance is merely an

⁶ LiPuma, Edward, and Benjamin Lee. *Financial derivatives and the globalization of risk*. Durham, NC and London: Duke University Press, 2004.

⁷ For an excellent demonstration of finances' centrality to, but limited place within, the capitalist accumulation process see Harvey, David. *Limits to Capital*. 2nd ed. London and New York: Verso, 2006.

⁸ For a fascinating collection of historical documents penned in response to previous financial crises, especially those of the 18th and 19th centuries, see Emmett, Ross, ed. *Great bubbles*. London: Pickering & Chatto, 2000.

extrapolation of a capitalist logic of value (supply and demand) and that there's nothing "imaginary" about it at all. Financial wealth, they reason, is just as "real" as any other type of wealth and that it is all based in the "real" functioning of the "real" economy. These approaches rightly note that finance is an integral part of any capitalist market economy and that speculative and promissory money is necessary for even basic systems of trade and division of labor.⁹ But they tend to reduce the current crisis to the result of various mistakes, miscalculations, distortions or the "human element" of greed, dishonesty or a herd mentality in the market. Both of these two broad approaches are symptomatic of a broader crisis of imagination that fails to locate and map finance's place in the broader system of accumulation or to posit the sort of alternative futures we so desperately need.

In this paper I want to take another look at finance and, following critics like Randy Martin, Frederic Jameson and Mary Poovey, examine the way it *comes to create and to be created by* a specific set of social imaginaries, and the ways it works upon social imaginaries in profound ways.¹⁰

3. Marx's Secret Theory of the Imagination?

The dialectic of value and imagination didn't start with Marx. As Ian Baucom notes, Adam Smith was perhaps the first to think through the implications of political economy based on notions of the imagination, notions derived from his friend and correspondent David Hume.¹¹ For Hume, all causality was illusory, a necessary but ultimately epistemologically unreliable "fiction" based on past tendencies and future projections. For Hume and Smith, all our knowing of the world, and, more importantly, our ability to think about the *future* was based in the ability to imagine. Society was undergirded by the unspoken agreement of expectations and a shared sense of possibility.

⁹ See for instance Ferguson, Niall. *The ascent of money: a financial history of the world*. New York: Penguin, 2008.

¹⁰ Jameson, Fredric. "Culture and Finance Capital." *Critical Inquiry* 24, no. 1 (1997): 246-265; Martin, Randy. *An empire of indifference: American war and the financial logic of risk management*. Durham NC and London: Duke University Press, 2007; Poovey, Mary. *Genres of the credit economy: Mediating Value in Eighteenth- and Nineteenth-Century Britain*. Chicago: University of Chicago Press, 2009.

¹¹ Baucom, Ian. *Specters of the Atlantic: finance capital, slavery, and philosophy of history*. Durham, NC: Duke University Press, 2005.

For Smith, this became the basis for a bourgeois concept of exchange: in order to perform rational exchange, a number of shared imaginary conjectures were required between parties. In a hypothetical situation of pure exchange (where each party brings the products of the sweat of their brow to market) each party must imagine what the item they are offering might be worth to the other, and vice versa.¹² Each party's calculus will depend on their perception of the potential future uses of both items. Further, to be able to negotiate a price, parties must imagine what these items might potentially earn them in another set of exchanges with hypothetical other parties. For Smith, this synchronicity of imagination was the just and reasonable basis of the capitalist paradigm of value based on supply and demand. Exchange was the means of imagining both our own social location and our potentials as social actors, a form of social representation. For this reason, Smith, like his followers, held out hope for the way commerce might help reconcile disparate values between people: the market was the ultimate expression of the mediation of values, the meeting place of the social imagination.¹³

But unlike liberal political economists, Marx recognized that exchange was not merely a natural expedient to human intercourse. His signature realization was that as soon as exchange becomes “capital” (as soon as it becomes a whole social system) it doesn't merely *represent* underlying social values, it transforms and converts those values into purely *economic* values.¹⁴ That is, capital was not merely the *expression* of underlying values that have been autonomously negotiated between self-contained individuals. Capital was a hegemonic *logic* of social values, a viral and self-expanding pattern of social meaning-making.¹⁵ For Smith and other bourgeois economists, capital,

¹² See Cremaschi, Sergio. “Metaphors in the Wealth of Nations.” In *Is there progress in economics?: Knowledge, truth, and the history of economic thought*, edited by Stephen Boehm, Christian Gehrke, Heinz D. Kurz, and Richard Sturn, 89-115. Cheltenham, UK and Northampton, MA: Edward Elgar, 2002.

¹³ Baucom cogently argues that the forms of “sympathetic imagination” Smith valorized in this model were, in fact, far from innocent or pure. He suggests Smith's archetypical commercial relationship is not one of real intimacy between imaginative actors but still based on the model of bourgeois individualism, of self-contained economic subjectivity. The “sympathy” at work here between economic actors is merely “speculative” in the sense that the sharp line between self and other proscribes a true encounter with the Other. More to the point, Baucom argues that this notion of economic subjectivity is based on a colonialist subjectivity and that the “speculative” sympathetic imagination was both borne of and contributed to the rationalization of the slave trade where other human beings were imagined not merely as property, but as objects of speculative investment.

¹⁴ See De Angelis, Massimo. *The beginning of history: value struggles and global capitalism*. London and Ann Arbor, MI: Pluto, 2007, 24-33.

¹⁵ See McMurtry, John. *Value wars: the global market versus the life economy*. London: Pluto Press, 2002.

expressed directly by money, was an efficient and effective means to arrive at a common *imagination* of underlying social wealth and social conditions: an expedient and neutral social fiction. For Marx, this imaginary construct *took on a power of its own* and began to fundamentally transform social wealth and, critically, the way people imagine what is valuable and what is possible.¹⁶ Money is a material means of imagining the play of social values, but one that comes to take control of the imagination in order to lead people to act in ways that perpetuate, extend and enforce its own authority over the production of social meaning.

Marx largely avoided the concept of imagination for a variety of discursive and historical reasons, but I believe it can be insightful to pick up the few threads about imagination that do exist in his work. Critical here, of course, is his oft-quoted passage from *Capital I* that distinguished human labour from animal and non-human work (a passage that, in many ways, distills some of his “younger” work on the specificity of human labour and its alienation):

A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality.¹⁷

Here Marx locates a theory of imagination at the very heart of his labour theory of value. Imagination is that quality of mind that sets human, cooperative labour apart from mere routine or instinct. In other words, imagination is the “living” aspect of “living labour” – it is that element of *reflexive temporality* and *shared communicative purpose* that makes human cooperation qualitatively different from animals or machines and makes it the fulcrum of all value. It is precisely “living labour” Marx has in mind in his theory of

¹⁶ See Marx, Karl. *The economic and philosophical manuscripts of 1844*. Edited by Dirk J Struik. Translated by Martin Milligan. New York: International, 1964; Perelman, Michael. *Marx's crisis theory: scarcity, labour and finance*. New York and London: Praeger, 1987, 110-117.

¹⁷ Marx, Karl. *Capital I: a critique of political economy*. Translated by Ben Fowkes. New York: Penguin, 1992, 283-284. It should be noted that here, as elsewhere, when Marx talks about the “imagination” he uses the German word *Vorstellung*, which implies something akin to “cognitive projection,” rather than the Kantian notion of *Einbildungskraft*, which has more Romantic implication of purposeful and autonomous creativity.

value which is, at least from one reading, not merely a theory of *economic profit* but a theory of *social reproduction*, of the way societies come to reproduce themselves and the cycles by which social cooperation comes to shape the conditions of its own emergence.¹⁸ There is, then, a dialectic relation between the way social values are negotiated and the processes of the imagination, the ability to project into the future.

In Massimo De Angelis's reading, capital seeks not merely to accumulate surplus value but to impose economic value as the singular hegemonic measure of all social values.¹⁹ That is, it seeks to allow capital, a pure economic logic, to access and to reconfigure political values, social values, moral values, aesthetic values and community values. In this way, capital is a system that guides our actions and shapes our relationships, the ways we work together to reproduce our world. In other words, in this reading, Marx's theory of value speaks to the ways capital comes to reconfigure how we understand social cooperation as well as how we imagine our relationships to others, and, in so doing, mediates our participation in the remaking of our world.

This dialectic of value and imagination, I would like to argue, is about how we as laboring bodies *negotiate shared futurity*, how we come to common understandings of what might be and, in various ways, chose what sorts of possible futures we might bring into being. This is a materialist process. Our subjectivity is, in a very real way, our sense of what is possible: the contours of our awareness and ability to mobilize our potentials as social actors. For this reason, the imagination is no one universal thing. As Marcel Stoetzler and Nira Yuval-Davis make clear, what we believe is possible is fundamentally shaped by our social locations within overlapping vectors of exploitation, oppression and identity.²⁰ Our imaginations are always shaped by the material circumstances under which we labour to reproduce social life. Capital's success as a social system is in the way it provides us with and enforces the use of *media of cooperation* whose use perpetuates, extends and entrenches capital's influence over social values and the way we imagine our relationships.

¹⁸ Mies, Maria. *Patriarchy and accumulation on a world scale: women in the international division of labour*. London and Atlantic Highlands, NJ: Zed Books, 1986; De Angelis *Beginning of History*, 52-56.

¹⁹ De Angelis *Beginning of History*, 24-33.

²⁰ Stoetzler, Marcel, and Nira Yuval-Davis. "Standpoint theory, situated knowledge and the situated imagination." *Feminist Theory* 3, no. 3 (2002): 315-333.

For instance, capital's emblematic institutional manifestation, the factory, can be read as a technology which elevates the imagination of the bourgeois owner/manager over that of the workers, allowing for capital to produce value by determining the means and ends of social cooperation. So too is what Marx called "commodity fetishism" an aspect of capital's reliance on and colonization of imagination: the accumulation cycle survives when workers are unable to imagine their material reality as the product of their own labour, as a solidification of their social cooperative potential, and instead ascribe agency to the commodified objects themselves.²¹ Writ large, capital as a system relies on and produces whole ideological frameworks, "imaginary relationships" to the real conditions of existence, in Althusser's formulation.²² For instance, capitalist globalization has always relied on the production of "imaginary" constructions of race and nation in order to divide people and perpetuate the conditions of accumulation through apartheid systems (formal and informal), imperialism, war, interstate rivalry and "uneven development."

4. Money as the Medium of Social Imagination

But the linchpin of capital's politics of imagination is money, capital's material manifestation and the climax of the logic of the commodity.²³ In Smith's formulation, money is merely an expedient to the agreement of imaginations, a shared point of reference that not only allows exchangers to barter their good with a common measure of value, but a measure connected to the whole economy. But as Marx illustrated, money is far from neutral. As money comes to mediate social relationships (as it does, for instance, in an age of the rise of the "service sector" and the commodification of human relationships) it fundamentally reshapes our perception of the interconnectedness of social totality. To the extent that capital comes to dominate more and more spaces of life, money becomes our key means of imagining our world and how we fit into it, it becomes the pivotal *medium of social agency*. Similarly, it becomes the key means by which we

²¹ Graeber, David. *Toward an anthropological theory of value: the false coin of our own dreams*. New York: Palgrave, 2001, 105-115.

²² Althusser, Louis. "Ideology and ideological state apparatuses." In *Lenin and philosophy and other essays*, edited by Ben Brewster, 121-176. New York: Monthly Review Press, 1971, 153.

²³ See Nelson, Anita. *Marx's concept of money: the god of commodities*. London and New York: Routledge, 1999.

imagine and communicate what might be *possible* and what might be *valuable* in the broadest sense of the term. This is true of our lives as individual subjects where we increasingly come to think of our personal potentiality and importance in monetary terms, or where those other values we might hold are increasingly held ransom by economic imperatives (for instance, while almost everyone values time with their friends and family more than money, few question why we must work to be able to afford this “privilege”). It also works on the macro and political-economic level in the sense that, increasingly in an age of neoliberalism, a sense of economic inevitability dominates the way societies imagine themselves and their possibilities. All social vision and political discourse is forced to speak in economic terms.²⁴ Indeed, the unceasing mantra of economic necessity fundamentally constrains political imaginaries to such an extent that the only relief seems to be dream of apocalypse and oblivion.²⁵

But money is no simple thing: for Marx, it is the ur-commodity, the crystallization and earthly manifestation of a system of capitalist accumulation borne of and sustained by fundamental contradictions. While money, on the one hand, perverts our ability to imagine social value and cooperation autonomously, it also embodies, represents and, importantly, facilitates the circulation of social value through exchange. That is, money is also a physical thing that circulates and that is the lifeblood of capital’s occupation of society. It is also (in its modern, capitalist form) a product of a phenomenally complex circuit of state regulation (from the actual minting of official currencies to trade tariffs to the role of central banks) and its own value is fundamentally influenced by inter-capitalist and international competition. The fundamental contradiction of money is that it must at once be a *medium of imagination* which claims to accurately represent the underlying “reality” of social value (as in Smith’s idealistic formulation) and be a *medium of exchange* which circulates in the volatile world of capitalist competition, regulation and speculation. In still other words, money is compelled to both represent the whole world

²⁴ Bourdieu, Pierre. *Acts of Resistance: Against the Tyranny of the Market*. New York: The New Press, 1999.

²⁵ See Haiven, Max. “Undead Ideologies: Necro-Neoliberalism, Necro-Keynesianism and the Radical Imagination.” Znet, June 27, 2011. <<http://www.zcommunications.org/undead-ideologies-necro-neoliberalism-necro-keynesianism-and-the-radical-imagination-by-max-haiven>>; also Jameson, Fredric. “The Politics of Utopia.” *New Left Review* 25 (2004): 35-54.

of commodities and be a circulating commodity itself.²⁶ For this reason, money is never an accurate or stable measure of the social reality of values it claims to represent. There is always an *imaginative gap* between the sublime play of social values of everyday life and social cooperation, on the one hand, and their economic approximation in money, on the other.²⁷ Social values, because they are based in people's lived emotional and imaginative experience, always exceed capture by an economic logic, whose only value is accumulation. As De Angelis illustrates, struggle occurs in the friction between everyday lives, social values, and their cooptation by capital.²⁸

This is because, unlike values rooted in lived, material experience, money's value is largely imaginary. Most forms of money are, after all, almost totally worthless outside of the capitalist economy that they sustain and facilitate, paper money being the most obvious example. It is a tiresome tendency of Western culture to delight in revealing to itself the fiction of money's value, from Robinson Crusoe's musing about the uselessness of his once precious coins²⁹ to present-day "heartwarming" films about business tycoons who, through individualist melodrama, reform their miserly ways and recognize the "real" value of family, friends, etc. We might understand these cultural productions as the ironic reflex of a society dominated by money, where money's value is ultimately an act of shared imagination, a public conspiracy enforced by the very material conditions it

²⁶ See Nelson, *op cit.*

²⁷ Perelman, *Marx's Crisis Theory*, 171-206. The gap in Marx's theorization between "value" (in terms of abstracted Socially Necessary Labour Time) and "price" (i.e. the monetary cost of an actual commodity) has come to be known as the "transformation problem" by Marxian economists. While this is not the place to take up this debate, I agree broadly with Perelman's argument that this "problem" is not a flaw in Marx's theory of value but precisely the complex mark of that theory's dynamism. Indeed, I would argue that the "transformation problem" articulates one of the sharpest moments of the Marxian dialectic: commodities "always-already" have both a "value" and a "price" and the tension between the two is what we might call the "subtext of capital": the class struggle over the *meaning* of value itself.

²⁸ It always bears mentioning that these "other," non-capitalist values are not essential and eternal things: they emerge out of and help to shape social cooperation in the broadest sense. For this reason, they are not always "good" or desirable: nationalism, religious zealotry, patriarchy and fascism are all based in non-capitalist values, although they often find their place within and support capitalist economies. To pose "social values" against Capital's compulsory measure of "economic value" is not to privilege or romanticize some "authentic" or "true" values external from their social context. It is, however, to look towards autonomy, solidarity, equality, freedom and love as horizons of struggle, and to contrast them to capital's singular value logic of accumulation. It also is to insist that these values cannot be fully realized under capitalism (at least, not for everyone, and not without a cost).

²⁹ Interestingly, in his day Defoe was a leading critic of the excesses of financial speculation and the social discord it wrought. Several of his commentaries are collected in Emmett (ed.), *op cit.*

seeks to extend and perpetuate.³⁰ Our endless fascination with the worthlessness of money is in some ways a catharsis for our conscription within a society where we are compelled to elevate money above all other values. Equally, perhaps, they hold the seeds of a utopian anti-capitalist imagination that Hollywood's purveyors of privatized narratives have seized upon with relish.

What's money worth then? As David Harvey elucidates, money is ultimately a claim on *future labour* – it is general social power writ large, the ability to command the time of others.³¹ Money entitles us to a share of the social product but also shapes how that social product will emerge. When we possess it we gain agency over the future, but an agency limited to participation within a capitalist economy of which we are a part. In other words, in money we encounter our agency as social actors within capitalism. This tendency of money to dominate the social imagination has only intensified in an era of neoliberalism where capital has reconfigured the global economy to such an extent that ever more aspects of everyday life and social reproduction have collapsed into the market. Neoliberalism represents the frantic combustion of social values into economic value with the rapid privatization of social life, the rise of the service sector and attacks on what remains of the public sphere.³² Indeed, our political moment is characterized by the rise of reactionary backlash movements who decry the loss of “traditional” values to the market and elect leaders eager both to scapegoat convenient targets and, ironically, to perpetuate the economy's domination of society.

5. Neoliberalism and the Financialized Imagination

Neoliberalism has both enabled and been enabled by the growing power of finance capital and of what Randy Martin calls “financialization”: a new condition that sees finance, insurance and real-estate come to play on society and everyday life in unprecedented ways, reaching *extensively* to ever more corners of the globe and *intensively* into everyday life and integrating them all into a churning global mass of

³⁰ Nelson, *Marx's Concept of Money*, 166-169.

³¹ Harvey, *Limits to Capital*, 256-258.

³² Harvey, David. *A brief history of neoliberalism*. Oxford: Oxford University Press, 2005; Giroux, Henry A. *Against the Terror of Neoliberalism: Politics beyond the age of greed*. Boulder, CO: Paradigm, 2008.

digitized speculation.³³ Today, it is hard to find a soul on the planet whose life is not deeply touched by interconnected transnational circuits of debt and credit. In neoliberal times, where citizens have been taught to expect no social security from the state, mortgages, credit card debt, student loans, and investments in lieu of pensions are the norm. For the less fortunate subjects of the global system, micro-credit financing and sub-prime lending have swept the world's poor into the financial market in unprecedented ways.³⁴ Ironically, in the absence of effective resistance to neoliberalism or the development of new forms of collectivity and solidarity, finance has emerged not just as an imposition from above, but also as an individualized means of coping with social abandonment and disconnection, a tragic expression of isolated creativity and agency. Today, most nation-states run on debt, credit and transnational lending, putting them at the mercy of the financial markets as never before, with often tragic consequences. Consider for instance, the speculative trade in agricultural commodity futures that create extreme volatility in global food prices, or the financial "arbitrage" based on the rapid global trade in currencies that has crashed whole economies virtually overnight.³⁵ Indeed, the aftermath of fifty years of IMF/World Bank structural adjustment and Western-led "development" has been a world where nations are largely beholden to the austere dictates of anonymous transnational markets. Ironically, as the dust settles after the recent charade of crisis, bail-out and austerity a world is revealed in which states are increasingly in thrall to the very transnational financial forces that they rescued from the brink. Even the mighty transnational corporations, which today hold such sway over employment and the distribution of key goods, are increasingly disciplined by financial

³³ Martin, *Empire of Indifference; The Financialization of daily life*. Philadelphia, PA: Temple University Press, 2002; see also Aitken, Rob. *Performing capital : toward a cultural economy of popular and global finance*. New York: Palgrave Macmillan, 2007; Langley, Paul. *The everyday life of global finance: Saving and borrowing in Anglo-America*. Oxford and New York: Oxford University Press, 2008.

³⁴ For instance, Wal-Mart has recently spread its tentacles into financing the "underbanked" and "unbankables" of the American economy, developing tailored financial services to those denied bank accounts and access to credit (including many of their employees). See D'Innocenzio, Anne. "Wal-Mart lowers fees for its branded debit cards." *BusinessWeek*, 2009; Palmeri, Christopher. "Next up: a Wal-Mart Credit Card." *BusinessWeek*, 2008. On microcredit and its discontents, see Engler, Mark. "From Microcredit to a World Without Profit?" *Dissent* 56, no. 4 (2009): 81-87; Bateman, Milford. *Why Doesn't Microfinance Work?: The Destructive Rise of Local Neoliberalism*. London: Zed, 2010.

³⁵ See Li Puma and Lee, *Financial Derivatives*; Patel, Raj. *Stuffed and starved: markets, power and the hidden battle for the world's food system*. Toronto: Harper Collins, 2007.

markets demanding ever-greater growth in profit margins. For instance, the reliance of the once-iconic American auto industry on consumer and corporate credit made them one of the first casualties of the 2008 financial crisis.

In this climate the Leftist penchant for boycotts, targeted purchasing and supporting “local” businesses needs to be revisited. In an age of globally integrated financialized neoliberalism, particular firms are successful to the extent they obey the dictates of global markets and local retailers are increasingly forced to sell international or internationalized products to compete. The failure of anti-Wal-Mart organizing, for instance, was that it took aim at the individual corporation, rather than the system that created the economic conditions and forms of discipline that made the Wal-Mart model such a success.³⁶

But despite finance’s growing power over our lives and our world, it is hard to avoid the fact that its substance is essentially imaginary wealth. The world is in the grip of a financial imaginary that is quite literally destroying the planet with its power to reshape the imaginations of peoples, policy-maker and nations towards its own perpetuation, rather than towards broader, long-term human interests. With armies of corporations and “entrepreneurs” rushing to “greenwash” their products, and with others dreaming up and speculating on ways to profit from the ongoing ecological catastrophe (the further commodification of water, the development of “green technology,” the speculation on lands predicted to become more fertile in the warmer future, etc.), it should be clearer than ever that a system based on the competition of individual economic agents is incapable of regulating itself in any meaningful way and, in fact, seems to have created a global political-economy incapable of developing any institution with the authority to regulate it effectively.³⁷

Indeed, in an age where finance holds such a powerful sway over human futures it is ironic that it is the last to know of the crisis. The privatization, trade liberalization,

³⁶ Haiven, Max, and Scott Stoneman. “Wal-Mart: The panopticon of time.” *Institute on Globalization and the Human Condition Working Paper Series* 09, no. 1 (2009).

³⁷ The serial tragicomedy of the Copenhagen and Cancun climate summits, where the world’s leaders agreed to consign millions of the world’s poorest to death and misery rather than meaningfully confront and regulate the global economy, is evidence enough that financialized capital has succeeded in rendering irrelevant the world’s current forms of “democratic” political power.

and deregulation of the neoliberal revolution that facilitated – and was facilitated by – the recent rise of financialization has led to multiple overlapping crises over the past 30 years: a massive ecological crisis which consigns hundreds of millions of people to an increasingly volatile atmosphere; the ubiquitous social crisis as societies everywhere suffer under neoliberal austerity, “structural adjustment” and the commodification and privatization of human relationships; the episodic economic crises of nations who, compelled to integrate into the global markets, lose out on the great roulette wheel of foreign investment and currency speculation. The financial crisis is a crisis of the imagination to the extent that we can no longer identify it as the expression – and the *cause* – of other, deeper crises (social, political, ecological) and instead imagine it to be merely a distortion in the market or the result of “greed” or poor management. Until the birth of European capitalism, finance largely took the form of agricultural futures. More to the point, our crisis of imagination is that financial collapse has provoked so little incredulity towards the system as a whole and has awakened so little resistance to the reimposition and expansion of the very forms of neoliberal social terrorism that caused the crisis in the first place. It is a crisis of the forgetting of our potential.

6. Cultures of Risk and the Collapse of Futurity

Elementally, finance is the commodification of risk: the transformation of future possibilities into present-day contracts to be bought and sold. Until the birth of capitalism, finance largely took the form of agricultural futures: banks or states would provide money to farmers in advance for a written promise of a share of the harvest. Other times states would issue bonds to private citizens or merchants in order to raise money for war or other large-scale ventures. During the birth of capitalism, these promissory notes became freely exchangeable, standing in for currency and no longer bound to the original lender. These notes came to represent more and more investments in a growing maritime economy, notably shares in colonial adventure or the slave trade.³⁸ Today, finance is often used as a shorthand for the “FIRE” industry: finance (in terms of speculative investments, from day traders to hedge funds), insurance (both personal and

³⁸ See Baucom, *Specters of the Atlantic*.

institutional), and real estate which have, over the past thirty years, come to represent (and control) a massive proportion of the global economy, much thanks to the advances in communication technologies which have allowed for hyper-accelerated around-the-clock trading and the development of sublimely complicated computerized technologies for managing risk.³⁹ Financial markets are now made up of the hourly disaggregation and reaggregation of tens of millions of individual commodifications of risk, of the speculative acts of hundreds of thousands of investors.⁴⁰ As more and more aspects of daily life become commodified under neoliberalism, and as more and more states, corporations, and institutions become beholden to the financial markets, finance emerges as a sort of ghostly double to our world, a map of reality in a monetary vernacular which both *reads* and profoundly *influences* lived reality.

Structurally, finance allows for the alleviation or postponement of crises caused by the contradictions between value and price and allows otherwise competitive and self-interested capitalist actors to pool capital to further expand capital's dominion over social life. But it does so in ways that create a web of promises and risks that run ahead of the actual fabric of social cooperation and, thus, the imaginative gap between financial claims and real world of social values grows and grows.⁴¹ As Mary Poovey illustrates in her study of 18th and 19th century capitalism and the widespread adoption of paper money, finance relies upon the production of communities of belief and "credibility" as financial actors must trust one another's claims to value in order for the system to work.⁴² Authors like Christian Marazzi and Edward Li Puma and Benjamin Lee have cogently illustrated the way financial communities create shared narratives and cultures of belief and credibility in order to sustain the "fiction" of financial values.⁴³ There is a sort of suspension of disbelief born of what Marx, fittingly, called "fictitious capital." In other words, finance is a sort of shared *narrative* about social values that allows capital to

³⁹ Li Puma and Lee, *Financial Derivatives*, 107-108.

⁴⁰ One would not want to make too fine a point here: financial markets remain dominated by a handful of firms and players and the vast majority of financial transactions occur between gargantuan financial institutions. Indeed, these days a huge proportion of financial transfers and exchanges are executed automatically by computers programmed to take advantage of moment-to-moment price differentials. That said finance gambles with the fate of an increasingly large proportion of the global economy.

⁴¹ Perelman, *Marx's Crisis Theory*, 197-198.

⁴² Poovey, *Genres of the Credit Economy*.

⁴³ Marazzi, Christian. *Capital and language: from the New Economy to the War Economy*. Translated by Gregory Conti. Los Angeles: *Semiotext(e)*, 2008; Li Puma and Lee, *Financial Derivatives*, 139-140.

allocate its economic power in ways that perpetuate and extend its power over social value. But while once this narrative was the exclusive terrain of a sub-class of financiers, today it colonizes more and more of our lives as we are all embroiled in the financial markets like never before. Under neoliberal financialization the financial narrative has become a dominant social narrative, requiring a vast mobilization of the imagination. For instance, Randy Martin has argued that the financial logic of the derivative (the leveraging of small, tactical investments to manage risk and speculate on future outcomes) has infected the reigning order of global governmentality as states jettison large social welfare programs for miserly investments to manage “at risk” populations. Indeed, he suggests that the logic of the derivative underscores the new imperial strategy of the post-9/11 War on Terror which sought to leverage “surgical” military “investments” of “shock and awe” into “regime change” towards the expansion of free-market capitalism. This strategy, he offers, imagines the endless “securitization” of the world (the incessant management of vectors of risk) rather than any horizon of peace and “security” and conscripts everyday life and social institutions, at home and abroad, to adopt an attitude of individualized “risk management” instead of any broader social vision or political hope.⁴⁴

In this sense, financialization not only fundamentally restructures the global economy around transnational financial flows; it offers up a toolbox for understanding social life. In an age of neoliberal austerity, we are all encouraged to approach ourselves as isolated risk-managers, judiciously investing our energies towards our own personal goals and objectives and seeking always to better our position and “corner the market” in whatever sphere of life. And, in turn, the market is more heavily invested in everyday life than ever, if only because the whole system runs on a noxious combination of unsustainable levels of consumption and consumerism combined with falling real wages and the subsequent explosion of forms of consumer credit.⁴⁵

But more than merely an intensification of a neoliberal ideology, which would imply a covering-over of the dissonance between subjective experience and systemic

⁴⁴ Martin, *Empire of Indifference*.

⁴⁵ See Foster, John Bellamy, and Fred Magdoff. *The Great Financial Crisis: Causes and Consequences*. New York: Monthly Review Press, 2009.

reality, financialization represents a disturbing new synchronicity between personal performativity, modes of governmentality, and the capitalist economy as a whole. Under finance, capital consummates its relation to “culture”: today capital at its most abstract (purely imaginative financial flows) both relies on and shapes everyday life in profound new ways and vests itself in forms of social understanding and “structures of feeling” with a fearsome intimacy.

Finance then both restructures global societies and acts as an index of that restructuring. It is both a highly refined means by which capital disciplines an ever-broader array of global actors (corporations, nation-states, individual debtors, etc.) *and* the informational matrix by which this discipline is interpreted (in the fluctuation in stock prices, in bond ratings, in the availability of credit, etc.) Finance is a vast collectively authored narrative of social meaning that has gained a terrifying authority over social life. But the problem is that this financialized narrative, like all social narratives, is always already insufficient to the reality it seeks to describe and give agency over, despite being cloaked in and driven by ostensibly scientific formulae of “risk management.” The distance between how finance imagines the world and what the world really *is*, between *value* and *price*, grows and grows.

What I am arguing, in a very cursory way here, is that finance is *the means by which capital imagines the world*, the way a system gains some purchase over the future. If money is capital’s means of sensing and intervening in the world of underlying social values, then finance is, as David Harvey puts it, the “central nervous system” where all these signals and reflexes meet and where energy and impulses are redistributed and capital reallocated.⁴⁶ But I think it is more accurate to understand finance as *capital’s imagination* because it is also the place where capital seeks to apprehend the future. In this sense, futures and derivatives contracts are not merely ways that individual investors diversify risk, but a critical reflex of the system as a whole to reflect on possible future outcomes and to allocate general social power, money, in appropriate ways in order to ensure the future of accumulation: they are imaginary constructs that do real disciplinary work . . . until, of course, the imaginative gap grows too large and someone balks and the

⁴⁶ Harvey, *Limits to Capital*, 270-271.

whole fiction grinds to a sickening halt.⁴⁷

Identifying finance as capital's imagination is not to personify capital or suggest that its financial imagination is equivalent to the human imagination. Rather, I want to introduce a notion of finance as capital's imagination as a conceptual tool to highlight the current rise of financialization and the way it is invested in the process of social imagination.

For instance, the infamous "sub-prime" mortgage market, considered to be "ground zero" of the 2008 financial crisis, demonstrates how deeply invested in imagination the financial markets are. Not only did the hyperbolic growth of this sector rely on the ability of financial actors to imagine that so-called "NINJAs" (No Income, No Jobs or Assets) were "worthy" of loans; it relied on the mythos of American home ownership to convince those NINJAs that purchasing homes implied an escape from poverty, and relied on the tragic optimism of a neoliberal age which suggested that rising interest rates on these mortgages (when they were disclosed) would be offset by future prosperity of homeowners.⁴⁸ More profoundly, the sub-prime market relied upon the unquestioned cultural understandings of private property where, ironically, a person might, by the stroke of a pen, "own" the house they had rented and lived in for their whole lives and, just as quickly, have it foreclosed by the bank. It is this proverbial "stroke of the pen" that is key. Tenancy, ownership and foreclosure are all imagined relations. True, they are brutally enforced by laws and courts and police. But it is important to remember that very little changes *materially* when these designations are cast and change, as the tens of thousands of people "squatting" in their own foreclosed houses today are showing us.⁴⁹

Finance is neither wholly illusory nor wholly "real" – it is an articulation of capitalist accumulation as it works at the intersection of value and imagination, critically informing how we imagine our social cooperation. Implying that finance is capital's imagination is not to suggest the system has any agency of its own. Rather, it is to argue

⁴⁷ See Marazzi, *Capital and Language*.

⁴⁸ See Foster and Magdoff, *The great Financial Crisis*; Henwood, Doug. *Wall Street: how it works and for whom*. London and New York: Verso, 1998.

⁴⁹ See for instance the phenomenal organizing of Take Back the Land in the U.S. who have coordinated a phenomenal multi-city campaign to refuse evictions and reclaim housing and space from the foreclosure industry: <<http://takebacktheland.org/>>.

that financialization represents the latest and in some ways most complex and pervasive mechanism by which capital comes to influence and shape our agency and imagination towards its own perpetuation and the elevation of capitalist value, emblemized in money, to cultural supremacy.

In this sense, finance has come to deeply influence the ways we negotiate shared futurity and our social imaginations, especially in the global North. As Martin illustrates, caught up in a web of debt and credit, our individual futures are increasingly constrained and foreclosed.⁵⁰ Amidst endemic government deficits, the future of nation-states and other polities seems inevitably mortgaged to the market. In this sense, financialization both relies upon and perpetuates a politics of harrowing economic worry and the gnawing, lonely insecurity of debt.⁵¹ Here our social vision of the future is fundamentally imprisoned within a social imperative to speculate on future outcomes and the future narrows to an endless rhythm of tomorrow and tomorrow and tomorrow. . . Within this context, Marxian attempts to awaken the radical imagination have met shockingly little success, even when the contradictions and violences of the system are more apparent than ever.

Given that the response to this most recent crisis has been the intensification of neoliberal austerity and the abandonment of populations to the mercy of the market, we can and should anticipate cascading crises in the coming years. Capital will succeed where it can privatize these crises by displacing them onto ever-poorer people and polities and where it can “externalize” the costs onto families, the environment and social life.⁵²

7. Organizing the Dialectic of Value and Imagination

To sum up then, I am suggesting that, in our current moment of financialization, it has become increasingly difficult to imagine alternative futures because of the new

⁵⁰ Martin, *Empire of Indifference*, 3-4.

⁵¹ See, for instance, Jeffery J. Williams’ work on the ways student loans and debt “educate” youth into financialized subjectivity: “Debt Education: Bad for the Young, Bad for America.” *Dissent*, Summer 2006. <<http://dissentmagazine.org/article/?article=657>>; “Student Debt and The Spirit of Indenture.” *Dissent*, Fall 2008. <<http://dissentmagazine.org/article/?article=1303>>.

⁵² See De Angelis, *Beginning of History*, 142-148.

imbrications of financial logics into everyday life. I'm suggesting that we consider the metaphor of finance as capital's imagination because it helps us see both how finance wildly extrapolates capital's abstraction of social value as it both intensifies capital's control over society and intensifies the system's propensity for crisis. For these reasons I think it is important to bring back a concept of imagination to our understanding of the workings of capitalism, as well as to our conceptualization of socialism and revolution.

As I see it, the failure to recognize and work at the dialectic of value and imagination has led to two paralyzing tendencies on the left. On the one hand, there is a tendency to overstress the struggle over value and to focus almost exclusively on the machinations of capitalist economics. This approach tends to imagine value extremely narrowly, inheriting the husk of a Marxian Labour Theory of Value that is generally content to offer meek economistic solutions within the capitalist paradigm. But this approach, which characterizes the majority of the mainstream and political left (and a good deal of the academic left too), has generally failed to critically mobilize the imagination and tends to satisfy itself with a critique of capitalist policy, either forgetting about or studiously avoiding mention of the massive systemic change necessary to save our world. The result has been the slow demise of social democratic parties and the waning influence of left-wing think-tanks, intellectuals and unions who are offering little to no substantial vision of a different future.

On the other hand, we have the equally problematic tendency towards the over-valuation of imagination, one that traces its most recent lease on life to some elements of the New Left and the imperative to "free the mind" from capitalist domination. It continues today through various lifestyle politics that suggest that the changes in social value necessary for revolutionary change can and should occur primarily through individuals. This tendency ranges from various forms of lifestyle anarchism (including, most recently, forms of anarcho-primitivism) to an academic left obsession with diversity, difference and multiculturalism, subjectivity and the body that fails to take into account the devastating economic framework *that shapes and is shaped by* the racism, sexism and other forms of oppression.

It is necessary, instead, to learn from and formulate new approaches that take value and imagination together if we are to overcome capitalism and the recurring

financial crises that are a necessary part of the system. The aforementioned example of *Take Back the Land* is inspiring: the reclamation of foreclosed and gentrified neighbourhoods fundamentally challenges capital's value paradigm and punctures the day-to-day imaginary of private property and monopoly rent so pivotal to the social order. Importantly, these reclamations not only insist on a collective and community right to the shelter, they create material spaces for imagination where people can experience and experiment with new ways of being and fighting together. It joins a myriad of emerging efforts throughout North America to build autonomy, solidarity and the radical imagination by creating material manifestations of tomorrow today. How these movements towards new "commons" can be brought together into a wave strong enough to capsize capital is perhaps the great question of our age.

More theoretically, I believe we need to revisit a class-struggle politics of imagination. Once, the financial imagination was the largely the property of a small subset of capitalist actors (mostly bankers) whose responsibility and privilege it was to imagine social value in terms of speculative investment.⁵³ This department of accumulation was inherently volatile but served to allow capital to overcome certain inherent crises and to coordinate itself both spatially and temporally. Today, the financial imaginary has become one of the most pervasive narratives of value across societies ravaged and fragmented by neoliberal austerity: a crude and lonely means of trying to gain some agency over a hazy future. But in the same way that Marx saw the factory as a space of potential radical imagination because it brought a new class together under one roof and displayed to them their collective power to create (and their exploitation), perhaps we too can reimagine neoliberal financialization as a moment of possibility. The financial crisis might be made to reveal the profound power of social imagination, and the way capitalism mobilizes it towards despicable ends. What the crisis might tell us is that a world beyond capital is no more and no less than a matter of reimagining and rematerializing our relationships. This is not to belittle the serious material challenges to transformation, both in terms of the disciplinary framework of capital (from sweatshops to surveillance cameras, from a death-grip on global food distribution to imperialist

⁵³ Though again it should be mentioned that the history of Western capitalism has seen moments of phenomenal social financialization and the integration of "ordinary" people into the financial markets. See Emmett (ed.), *op cit*.

armies) and the vast differences and inequalities among the exploited that make any revolutionary effort incredibly difficult. It is to highlight that financialized capitalism is heavily invested in the global discipline of local actors and the tuning of social imaginaries to the incessant thrum of the market.

Financialization is, despite the growing gap of rich and poor, and despite the emergence of “untouchable” non-state economic superpowers, part of a transition to a sort of sick “bottom up” capitalism, one vested as never before in the ways it can directly structure cooperation, subjectivity, community and human relationships by colonizing the imagination with its value logic.⁵⁴ In this sense, it has perhaps created the sort of conditions for new “bottom up” movements of people not content with merely trusting revolutionary professionals to author a new system, but who demand and exercise a radical transformation of everyday life.

If nothing else, the recent financial crisis, its aftermath of austerity, and the deeper crises they obfuscate raise the stakes of “resistance” to capitalism. There should be no more illusions about a return to the Keynesian, days-that-never-were, the utopian expansion of the middle-class and welfare-state, or the possibility of systemic reform within the political landscape of the present. Corporate power is too deeply entrenched in the political and cultural system to allow for any substantial movement within the current halls of power. And to rekindle the democratic will and rebuild the post-war legal and bureaucratic infrastructure that would enable a “return” to the Golden Age would require such a revolutionary political mobilization that petty reformism would hardly be worth the effort. It should also be remembered that the “Golden Age” of middle-class American and European capitalist benevolence was fundamentally ecologically unsustainable and based on the exploitation of women, racialized communities and the Third World. This crisis, in other words, is nothing less than the death-knell of a social-democratic political imagination. And, indeed, if this imaginary has not been able to gain any purchase during capitalism’s worst crisis in living memory (quite the opposite!), we

⁵⁴ Again, I hasten to qualify this by insisting that capital has not abandoned its tried and trusted methods of rank exploitation and horrific violence; indeed, these strategies are being perfected as a huge portion of the world’s scientific acumen is oriented towards surveillance and preemption technologies for most military and managerial use. But we would be remiss in failing to acknowledge the increasingly “cultural” aspects of capital, especially as pundits and economists salivate over (and vest the salvation of the economic system in) the spread of consumer culture to the emerging “BRIC” (Brazil, Russia, India, China) economies.

are better off without it.

But I do not mean only to condemn “reformist” tendencies. Self-styled revolutionaries have also become complacent and defeated, all-too comfortable carving out sectarian niches, identities and spaces (almost entirely in cosmopolitan urban centres, often in or around universities), secure in the perverse belief that, if nothing else, radical posturing and theatrics will shift the politic spectrum leftwards: a sort of wry reformism. How else can we explain the utter failure of the vast majority of the radical left to speak to working people and offer the sorts of revolutionary vision and imagination we know we need? We have ceded this ground almost entirely to the right who have capitalized on people’s rightly-held anger at the system.

The time for these half-hearted strategies has come to a close. As we enter into an intensification of the capitalist foreclosure of the future only a reimagining of radical populism will ensure humanity is not crushed between, on the one hand, virulent new strains of militarized neoliberalism and, on the other, confused reactionary backlash movements. Such a radical imagination must take aim at the subversion of the culture of isolation and the now almost-global condition of debt. It must go beyond the hollow promise of middle-class inclusion (which, after all, is the key mythology that drives the debt industry) and speak to the broader promise of collective agency over society and the future. Such an imagination, however, will not be effectively preached from pulpits or soapboxes, at least not in isolation. Rather, it must begin from the revolution of lived experience, the seeding of social life with alternative practices and institutions capable of offering the emotional, tactile and social experience of another world.